

# Appendix C: Poverty

## The Official Measure of Poverty

Following the Office of Management and Budget's (OMB) Statistical Policy Directive 14, the Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty (see the matrix below).

**Table C.1**  
**Poverty Thresholds (Dollars) in 2000, by Size of Family and Number of Related Children Under 18 Years**

Size of Family Unit	Weighted Average Threshold	Number of Related Children Under 18 Years								
		None	1	2	3	4	5	6	7	8 +
One Person (unrelated individual)	8,794									
Under 65 Years	8,959	8,959								
65 Years and Over	8,259	8,259								
Two Persons	11,239									
Householder Under 65 Years	11,590	11,531	11,869							
Householder 65 Years and Over	10,419	10,409	11,824							
Three Persons	13,738	13,470	13,861	13,874						
Four Persons	17,603	17,761	18,052	17,463	17,524					
Five Persons	20,819	21,419	21,731	21,065	20,550	20,236				
Six Persons	23,528	24,636	24,734	24,224	23,736	23,009	22,579			
Seven Persons	26,754	28,347	28,524	27,914	27,489	26,696	25,772	24,758		
Eight Persons	29,701	31,704	31,984	31,408	30,904	30,188	29,279	28,334	28,093	
Nine Persons or More	35,060	38,138	38,322	37,813	37,385	36,682	35,716	34,841	34,625	33,291

Source: US Census Bureau, Current Population Survey

If a family income is less than that family's threshold, then that family, and every individual in it, is considered in poverty. The official poverty thresholds do not vary geographically, but they are updated annually for inflation using the Consumer Price Index (CPI-U). The official poverty definition uses money income before taxes and does not include capital gains

and noncash benefits (such as public housing, Medicaid, and food stamps).

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*Example:* Suppose Family A consist of five people: two children, their mother, father, and great-aunt. Family A's poverty threshold in 2002 was \$22,007. Suppose also that each member had the following income in 2002:

Mother	\$10,000
Father	5,000
Great-aunt	10,000
First child	0
Second child	0
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<b>Total</b>	<b>\$25,000</b>

Since their total family income, \$25,000 was greater than their threshold (\$22,007), the family would not be considered “in poverty” according to the official poverty measure.

While the thresholds in some sense represent families' needs, the official poverty measure should be interpreted as a statistical yardstick rather than as a complete description of what people and families need to live. Moreover, many of the government's aid programs use different dollar amounts as eligibility criteria.

Poverty rates and the number in poverty are one important way of examining people's well-being. Other more detailed measures of poverty are considered in the sections “Depth of Poverty Measures” and “Alternative Poverty Measures,” and in the recent Census Bureau report, *Supplemental Measures of Material Well-being: Expenditures, Consumption and Poverty (P23-201)*.

For a history of the official poverty measure see “The Development of the Orshansky Thresholds and Their Subsequent History as the Official U.S. Poverty Measure,” by Gordon

Fisher, by [www.census.gov/hhes/poverty/povmeas/papers/orshansky.html](http://www.census.gov/hhes/poverty/povmeas/papers/orshansky.html).

### *Weighted average thresholds:*

Some data users want a summary of the 48 thresholds to get a general sense of the “poverty line.” These average thresholds provide that summary, but they are not used to compute poverty data.

One person	\$ 9,183
Two people	11,756
Three people	4,348
Four people	18,392
Five people	21,744
Six people	24,576
Seven people	28,001
Eight people	30,907
Nine people or more	37,062